

Governor Seay Issues Opening Instructions to Member Banks

ASKED TO SEND RESERVES IN GOLD OR CURRENCY

First General Notice Is Sent Out to Institutions in Fifth District.

NOT READY FOR REDISCOUNTING

Cannot Be Undertaken Until Reserves Have Been Paid In And All Details Worked Out—Plans for Collection of Clearings.

Governor George J. Seay, of the Richmond Reserve Bank, last night, issued a comprehensive bulletin bearing upon the relations of the 475 member banks of Fifth District to the central bank in this city. It sets forth clearly the duties of the member banks and their immediate obligations as members of the Federal reserve system.

The bulletin, a copy of which was mailed last night to every member bank in the district, follows:

To All Member Banks of the Federal Reserve Bank of Richmond, District Number Five:

Member banks will, of course, understand that Federal reserve bank opening on the sixteenth instant, cannot, in the nature of things, at once spring into full operation with the machinery of completely organized banks ready to perform all their functions under the act.

The first step will be the transfer of reserves as required by law. The method of calculating reserves has been fully explained in a circular from the Comptroller's Office, a copy of which will be sent you. Other steps will follow rapidly in due course.

REDISCOUNTING CANNOT BE UNDERTAKEN IMMEDIATELY

Redeeming cannot be undertaken immediately upon opening or until after the reserves shall have been paid in and all the details preliminary to rediscout of paper have been worked out and fully laid before members, and the regulations relating to the different classes of paper have been fully explained, in order to avoid serious confusion. The authority to rediscout will first have to be formally granted by the Board of Directors of each member bank on forms to be furnished.

It is apparent that collections and clearings cannot at the beginning be undertaken. The volume of this business to be done is of such huge proportions that it will have to be approached with great care and preparation on the part of the reserve banks. Active accounts with member banks cannot, therefore, be carried until due notification is made.

After the initial payment of reserves shall have been made, checks drawn by any member bank on this bank or on any member bank in the cities of Richmond, Washington or Baltimore, the reserve cities of this district, will be received on deposit for the credit of members.

This understanding among all the reserve banks of the country was reached at the national meeting of directors and officials of the reserve banks and the Federal Reserve Board.

MAKE RESERVE PAYMENTS IN LARGE DENOMINATIONS

The amount of reserve of member banks to be transferred in cash to the Federal Reserve Bank of Richmond will approximate \$3,000,000.00. The labor and difficulty of handling this great volume of money with safety and dispatch will be very considerable. Member banks are asked to be considerate and to send in to the reserve bank gold and currency of as large denomination as can be furnished.

The reserve bank cannot consent to accept currency mutilated and unfit for circulation. Gold coin, if not mutilated or so badly worn as to be clearly uncurrent, will be received at its face value and not subject to wear and tear. National bank notes cannot, of course, under the law, be received in payment for reserves.

The power of the reserve banks to grant rediscouts and to most effectively aid the member banks to retire the emergency currency issued in this district, which amounts to about \$20,000,000.00, will bear a direct and intimate relation to the amount of gold and gold notes paid in.

Member banks will, therefore, greatly strengthen their Reserve Bank—that source upon which at times they will be compelled to rely for help in paying from their vaults gold and gold notes to the fullest extent possible. The eyes of the country will, therefore, be on the amount of gold held by the reserve banks and it is earnestly desired that the Bank of the Fifth District shall take first rank in the proportion of gold held.

The banking power of the nation will be vastly strengthened by the concentration of gold in the Federal reserve banks, and it is only in this manner that the credit resources of this country can be used to the fullest limit. The immediate effect of entering in operation the Federal reserve act, by reason of the smaller reserves required to be held by member banks, will make available an enormous amount of additional credit by the creation of a large total of surplus reserves among the member banks. The amount of these surplus reserves, if calculated upon the conditions shown in the statements of September 2, 1914, will be approximately \$400,000,000, of which about \$100,000,000 will be surplus cash reserves in vault, the balance being held with reserve agents.

It will be plainly seen that a huge amount of additional credit will be rendered available without recourse to Federal reserve banks, and that freedom of discount among member banks will be greatly promoted.

Every reserve district in the country held on September 12, 1914, a large surplus of cash over and above the amount required to be transferred to the reserve banks, plus the amount required to be retained in vault under the act. There can, therefore, be no difficulty in making transfers of cash. Possibility of disturbance and inconvenience lies in member banks making demands upon their correspondents to make these transfers for them, and in considering these demands upon one place or section.

It is, therefore, again earnestly requested that transfers be made in cash from the vaults of member banks in every case. If member banks then replenish their cash gradually as the occasion may demand, no temporary disturbance, or inconvenience even, can possibly be caused.

The amount required to be transferred in gold, gold certificates, or lawful money to reserve banks, is as follows:

Banks in reserve cities—three-fourths of the total reserves to be held under the act, this reserve to be calculated in accordance with a circular of instructions to be sent from the Comptroller's office.

Country banks—two-thirds of the total reserve required to be held under the act, to be calculated as above. Reserves to be calculated at the close of business on November 16. For con-

OFFICERS OF RICHMOND BANK



JAMES A. MONCURE, Secretary.



WILLIAM INGLE, Chairman of Board of Directors.

Richmond's Great Reserve District

Territory embraced: District of Columbia, Maryland, Virginia, North Carolina, South Carolina, and all of West Virginia except four "pan-handle" counties.

Area, 172,848 square miles.

Population, \$510,313.

National banks: 475, with a capital stock and surplus of \$105,044,483, which will give a 6 per cent subscription to the stock of the Federal Reserve Bank of \$6,300,000.

Richmond stands seventh in the amount of capital stock subscribed by member banks in its district, being exceeded by Boston, New York, Philadelphia, San Francisco, Chicago and Cleveland, and overtopping Atlanta, Dallas, Kansas City, Minneapolis and St. Louis.

In point of population, Richmond is the eleventh regional reserve city, only exceeding the population of Dallas.

By comparison with the other regional districts, the Fifth, or Richmond, District, is the eighth largest in area, third largest in population, has the ninth greatest number of banks, and has the seventh greatest amount of capital and surplus.

Cordially yours,
GEORGE J. SEAY,
Governor.

PLACES CITY IN FRONT RANK AS MONEY CENTRE

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of \$21,000,000. By some experts it is placed as high as \$25,000,000.

The Richmond Federal Reserve Bank has adopted the hours observed by the other Richmond banking houses, and will open every morning at 9 o'clock, and close at 2. The board of directors of the bank will hold a meeting to-day in the office of Governor George J. Seay at the new quarters, 1109 East Main Street, for the transaction of business incident to the opening.

BOARD OF DIRECTORS OF RICHMOND RESERVE BANK

The board of directors of the Richmond Reserve Bank is composed as follows:

Class A, representing the banking interests of the district—Waldo Newcomer, of Baltimore; Colonel John F. Straton, of Wilson, N. C., and Edwin Mann, of Bluefield, W. Va.

Class B, representing branches of business other than banking—George J. Seay, of Richmond; D. R. Coker, of Hartsville, S. C., and J. F. Oyster, of Washington.

Class C, appointed by the Federal Reserve Board—William Ingle, of Baltimore; James A. Moncure, of Richmond; and F. H. Gouverneur, of Wilmington, N. C.

The only officers so far designated are George J. Seay, governor; William Ingle, chairman of the board of directors and Federal reserve agent, and James A. Moncure, secretary and deputy Federal reserve agent.

Concealed Weapon.

Patrolmen Bosque and Wyatt yesterday arrested S. J. Wilmer on a charge of being disorderly on the street. In searching him at the First Precinct Station, Patrolman Waldron found a razor in his pocket, and the man was also charged with carrying a concealed weapon. He will be arraigned in the Police Court this morning on the two charges.

ACT WILL MAKE PANICS VIRTUALLY IMPOSSIBLE

Comptroller of the Currency John Skelton Williams Discusses New Law.

MAKES RESPONSE TO DEMANDS

Says New Currency Measure Is Essentially Democratic, and Looks to Decentralization of Direct Control and Financial Self-Government.

"We believe one of the most valuable and beneficial effects of the Federal reserve act will be to make such panics as we have had in the past virtually impossible."

In drawing attention to this, as among the more apparent benefits that will proceed from the new financial order, Comptroller of the Currency John Skelton Williams points out the great weakness of the banking system which it supplants. In common with practically every student of the Federal reserve act, Mr. Williams believes firmly that the currency system which it provides will be elastic and responsive enough to changing demands, to lay low every fear of future panics.

The comptroller continues: "When there is confidence there can be no panic. The panic is, as its name signifies, fear, distrust. When the people know that their financial institutions are stable, that behind them stands a Gibraltar of solid assets, that checks will be honored on presentation and that their deposits are safe, there is no fear or doubt. It is a familiar maxim that a bank is like a woman's reputation, likely to be injured by the faintest whisper. When banks have behind them substantially the combined strength of all other banks, and supplies of currency ready to answer their needs, limited practically only by their valid values, malice cannot invent, nor credulity or ignorance accept, rumors to drag them down."

PURPOSE TO ENABLE LAWS OF TRADE TO WORK SMOOTHLY

"The Federal reserve act's purpose is to enable the natural and just laws of trade, beautiful and symmetrical and sane when undisturbed—as is the law of gravity—to work to their results naturally and smoothly. It will provide no artificial stimulant or prop. It will remove artificial barriers to prosperity, unnecessary burdens, perils and impediments. It cannot provide immunity from such disasters as short crops, great fires or earthquakes, or disorders at home or complications abroad. It will, we think, restrain the effects of these within the limits of the unavoidable and prevent them from being exaggerated and wantonly magnified in their effects. We cannot see how it is possible with this law that we can undergo again the dismal, man-killing, heart-racking conditions of 1907 and 1908 and other panic years, when money could not be borrowed for any emergency or on any collateral or terms; or that it will hereafter be within the power of any group or federation of financiers, however ravenous, cruel or crazed, to force a panic or conditions to cause one; for the money supply may not hereafter be impounded, locked up or deviated from its channels; but should rise irresistibly to the level of the necessity."

"This new currency measure is democratic essentially. It looks to decentralization of direct financial control, to financial local self-government so far as is consistent with stability and the general safety; to air in currency which will be worth its face value everywhere, which will be based on the actual values it purports to represent, as well as the faith and credit of the general government, and which

yet will be elastic expanding to meet needs where and when they develop, receding when not needed; a system fitted to meet any emergency; moving smoothly and noiselessly for the ordinary uses of business in tranquil times."

FIRST GREAT CHANGE IN LAST FIFTY YEARS

(Continued From First Page.)

to his suggestion that the banks be ready for business to-morrow. In every district, he said, the member banks had joined in an earnest effort to open the system under the most auspicious circumstances.

ELEVENTH DISTRICT BANK HAS \$1,000,000 AVAILABLE

DALLAS, TEXAS, November 15.—With approximately \$1,000,000 in gold available, the Federal reserve bank of the Eleventh District will begin operations here to-morrow with a membership of 774 banks in Oklahoma, Louisiana, Arizona, New Mexico and Texas. The opening of the reserve bank is expected also to cause the release of about \$25,000,000 to borrowers in the Southwest.

Simultaneously, an active campaign for the holding of cotton will be undertaken by the business men of Texas.

ATLANTA BRANK OPENS WITH \$4,000,000 IN DEPOSITS

ATLANTA, GA., November 15.—The Federal Reserve Bank for the sixth district will open here to-morrow with \$4,000,000 in deposits expected in a few days. The amount representing the first installment of the subscription of the member banks. Of this sum \$780,000 in gold or gold certificates is already on hand. The remainder will be in lawful money, as described by the Federal reserve act.

REVIEW OF WEEK IN COTTON

NEW ORLEANS, November 15.—The principal event of the week in the cotton market here was the decision to reopen the future trading this week. In preparation for the reopening, there was considerable liquidation of futures, which was accomplished at the expense of values. On Monday, January in this market sold as high as 7.47. The decline was steady, and fairly steady until Friday, until the prices touched 7.45. Spots took just the opposite course, rising from 7.5-16 to 7.84 during the week.

With considerations as they are,

New York "Listed" Stocks

Bought and Sold Write or Telegraph for Particulars.
W. H. CLARK
67 EXCHANGE PLACE, NEW YORK

The World Looks Different to the Man With a Bank Account

He doesn't lie awake nights worrying over bills to be paid and expenses to be met.

The possession of money in the bank gives him confidence in himself, enables him to do better work and avoids a vast amount of worry and unpleasantness.

It is worth all the effort you can make to build up a bank account—worth denying yourself present pleasures, for they will be returned to you twofold.

We pay 3 Per Cent Compound Interest on Saving Accounts, computed twice a year.

THE CENTRAL NATIONAL BANK

"IN THE COMMERCIAL CENTRE," 307 EAST BROAD ST.

STATEMENT OF American National Bank

RICHMOND, VIRGINIA,

November 12, 1914.

RESOURCES		LIABILITIES	
Loans and Discounts	\$5,661,139 69	Capital	\$1,000,000 00
Commercial Paper with U. S. Treasurer	641,543 80	Surplus and Profits	715,376 68
Bonds with U. S. Treasurer	6,302,683 49	Circulation	1,649,000 00
Other Bonds and Securities	454,538 19	Deposits	5,466,244 41
Stock in Federal Reserve Bank	16,000 00	Bond Account	606,175 00
Banking House	329,974 62	Bills Payable and Rediscounts	507,329 51
Subscription to \$100,000,000 Gold Fund.	15,750 00	Reserved for Unearned Interest	63,556 20
Cash, Due from Banks and U. S. Treasurer	1,547,750 50		
	\$10,007,681 80		\$10,007,681 80

Regional Bank Opens!

Congratulations!

Our prediction is that there will not be a better run Federal Bank in the United States than the Federal Reserve Bank of Richmond.

Virginia Trust Co.

"The Safe Executor."

RICHMOND, VA.

Our Own Resources - - - \$2,700,000
Investments Held in Trust - - - \$5,000,000

Established 1892.

November 16, 1914.

DIRECTORS

WM. C. CAMP,
G. C. DULA,
JAMES R. GORDON,
EDGAR G. GUNN,
R. H. HARWOOD,

WALLER HOLLADAY,
LUTHER H. JENKINS,
W. J. PARRISH,
M. C. PATTERSON,
H. W. ROUNTREE,

OLIVER J. SANDS,
J. O. SCOTT,
EMMETT SEATON,
T. GARNETT TABB,
CHAS. E. WHITLOCK.

OFFICERS

OLIVER J. SANDS, President.
H. W. ROUNTREE, Vice-President.
WM. C. CAMP, Vice-President.
WALLER HOLLADAY, Vice-President.

O. BAYLOR HILL, Cashier.
D. W. DURRETT, Assistant Cashier.
STAFFORD H. PARKER, Assistant Cashier.
G. A. PEPLE, Assistant Cashier.